

AMERICAN SHIPBUILDING ASSOCIATION

November 26, 2001

Ms. Gloria Blue
Executive Secretary
Trade Policy Staff Committee
Office of the U.S. Trade Representative
600 Seventeenth Street, N.W.
Washington, D.C. 20508

**Re: Steel 201 Investigation – Comments to Product Exclusion
Request for Bulb Flats and Metric Universal Flats - - (66 Fed.
Reg. 54321)**

Dear Ms. Blue:

The American Shipbuilding Association (ASA) is acutely aware of the impact of anti-competitive practices of foreign governments that impose serious injury to U. S. domestic industries. That is why ASA strongly supports the findings of the International Trade Commission as they relate to the U. S. steel industry. However, ASA believes that bulb flats and universal flats should be excluded from any remedy in the above-referenced proceeding because these steel products, which are critical to this nation's shipbuilding industry, are not produced in the United States. Restrictions on imports of bulb flats and universal flats would do injury to American shipyards, without providing any benefit to the domestic steel industry.

It is important to keep in mind that ASA members firmly support U.S. steel producers, and rely heavily on the domestic steel industry for most of its material. Indeed, to be eligible for coastwise trade under the Jones Act, 1/ all major components of a vessel's hull and superstructure 2/ – steel products – must be fabricated

1/ 46 U.S.C. § 883.

2/ Bulb flats and universal flats are not considered major components of the hull, and the incorporation of these foreign-manufactured flats does not adversely affect the coastwise trade of vessels under the Jones Act.

in the United States. ^{3/} As a result, the health and vitality of our domestic steel industry only serves to benefit shipbuilders.

ASA is the national trade association that represents America's premier shipbuilders -- the designers and producers of the most technologically advanced ships in the world. ASA also represents nineteen partner industries and companies engaged in the design and manufacture of ship systems, and two naval architectural firms. ASA's member shipyards employ more than 90 percent of all workers engaged in ship construction in the United States. The imposition of a trade remedy covering bulb flats and universal flats will operate solely to harm these American companies and their workers. There is no reason to restrict the importation of bulb flats and universal flats, which do not compete with any domestically produced steel as they are not produced in the United States.

The profiles ASA is concerned about are specialized steel products used in commercial and government shipbuilding in the United States. Bulb flats are asymmetrical carbon steel flats characterized by a bulb situated on the side of a flat web. Bulb flats are a critical component in modern shipbuilding. They are used as shell stiffeners, deck and bulkhead stiffeners. They are now commonly used in both commercial and government vessels by most of the major shipyards in the United States. There is no domestic production of bulb flats and no acceptable substitute for bulb flats, which are engineered to impede corrosion and to provide superior structural strength versus weight.

Universal flats, which are used as a structural member in shipbuilding, are narrow steel plates shaped with rounded edges and corners which are metrically tooled. There is no domestic production of universal flats, nor is there acceptable substitute for imports of universal flats. Domestic steel mills do not produce these flats in the required dimensions, nor are domestic mills tooled to cut in metric shapes. ASA strongly believes that these two products be excluded from any remedy in the 201 case.

When a product is not available domestically, however, and there are no viable domestic substitutes, it simply makes no sense to restrict imports of that product. Such is the case with bulb flats and universal flats. There is no U.S. production of bulb flats and universal flats. Bulb flats and universal flats do not and will not compete with the output of our domestic steel industry, as their importation cannot displace a sale that would otherwise have been made.

On the other hand, the continued availability of bulb flats and universal flats is vital to shipbuilders who have incorporated these profiles into the design of vessels under construction -- including ships that are being built for the fleet of the United States Navy. There would be no relief for U.S. shipyards if imports of these profiles were restricted or curtailed as an inadvertent incident to providing a remedy for U.S. steel producers. For example, if bulb flats were not available, shipbuilders would need to

^{3/} 46 C.F.R. § 67.97.

return to a different steel structure, which must be fabricated with substantial additional labor, substantial additional cost to the vessel owner, and substantial retooling of shipbuilding processes underway, resulting in significantly higher costs and delays in current shipbuilding programs. Without taking account of the needs of America's shipbuilding industry for these specialized products, shipbuilding for civilian and Navy ships 4/ could be interrupted in a vain attempt to assist U.S. steel mills, but without conferring any benefit on them.

In light of the foregoing, ASA respectfully affirms its support for the exclusion of bulb flats and universal flats from any remedy arising in this case.

Sincerely,

/s/

Cynthia L. Brown
President

4/ The 1997 Quadrennial Defense Review called for a naval fleet of 305 ships, which requires a steady build rate of ten ships per year for 30 years to sustain this force level.